



**ARIZONA STATE PARKS BOARD
WINSLOW CITY COUNCIL CHAMBERS
MARCH 17, 2011
MINUTES**

Board Members Present

Tracey Westerhausen, Chairman; Walter Armer, Vice Chairman; Reese Woodling; William Scalzo; Alan Everett.

Board Members Absent

Larry Landry; Maria Baier

Staff Members Present

Renée Bahl, Executive Director; Jay Ream, Assistant Director, Parks; Kent Ennis, Assistant Director, Administration; Monica Enriquez, Executive Staff Assistant.

Attorney General's Office

Joy Hernbrode, Assistant Attorney General

AGENDA

(Agenda items may be taken in any order unless set for a time certain)

A. CALL TO ORDER - ROLL CALL – Time Certain: 2pm

Chairman Westerhausen called the meeting to order at 2pm. She thanked the City of Winslow for allow Arizona State Parks (ASP) to have the meeting in their City Council Chambers. Roll call indicated a quorum was present.

B. PLEDGE OF ALLEGIANCE

Mr. Armer led the audience in the Pledge of Allegiance. Chairman Westerhausen asked Mr. Norman Honanie, Hopi Tribe, to lead the audience in a blessing.

C. INTRODUCTIONS OF BOARD MEMBERS AND AGENCY STAFF

- 1. Board Statement - “As Board members we are gathered today to be the stewards and voice of Arizona State Parks and its Mission Statement to manage and conserve Arizona’s natural, cultural, and recreational resources for the benefit of the people, both in our parks and through our partners.”**

The Board and Staff introduced themselves.

D. CALL TO THE PUBLIC – This is the time when the Board may hear comments from the public. A person who wants to address the Board must fill out a form and provide it to the Board Chair in advance. In order to provide opportunity for all of those who want to address the Board, it is probable that each comment will be limited to three minutes and the Board requests that no more than one person per organization speak. Pursuant to A.R.S. § 38-431.01(G), members of the Board may not discuss or take legal action on any matter raised during the call to the public unless that matter is properly noticed for discussion and/or legal action. Board members are limited to asking staff to study the matter, responding to criticism or asking that the matter be placed on a future agenda.

John Savino, Chairman, Off-Highway Vehicle Advisory Group (OHVAG). He said he is the newly elected chairman. He reminded the Board he came to the November Parks Board meeting and brought up several issues. He thanked Jay Ziemann, Assistant Director, External Affairs and Partnerships, for meeting with OHVAG and being frank and sincere.

Mr. Savino said there seemed to be a disconnect between the Parks Board and OHVAG. He said OHVAG had asked staff for travel reimbursements. OHVAG is not asking for money out of the Board's 12% from the Off-Highway Vehicle Sticker Fund. He said OHVAG is asking for a portion of the other money that is sitting in the fund. They want to use the money to be proactive and get out into the field.

Mr. Savino said there are two vacant spots in OHVAG and is hard to find a quorum. He said staff found a new member and OHVAG voted on that in February yet staff had not brought it to the Board for a vote. He said this causes OHVAG to wait to bring that person aboard until after the Board would vote on it.

Mr. Savino said OHVAG members had asked staff for the Board's contact information. He said staff had said OHVAG must go through staff and OHVAG was not given the Board's information. He said that takes away from OHVAG being an advisory group to the Board and instead are an advisory group to staff.

Mr. Savino said ASP is currently supplementing the salary to a federal Bureau of Land Management (BLM) employee. He asked if it would make more sense to keep the position in-house and supplement the salary with OHV money.

Mr. Savino thanked the Board for letting him speak and hoped these issues would be discussed at a future Board meeting.

Chairman Westerhausen asked staff to study the matter and respond to your criticisms and suggestions. She asked staff to have appropriate things be put on the agenda.

Richard Knight spoke about the Homolovi Ruins State Park Name Change. He said he had visited Homolovi Ruins many times since 1987 and studied Anthropology since 1982. He said the area was attacked and destroyed in 1500 and is and will remain a ruins. He said it is an Arizona authentic ruin rather than a Hopi sacred ruin. He said he had a completely different take on the history of the southwest.

G. DISCUSSION ITEMS

8. Homolovi Ruins State Park Overview

Janet Hawks, Chief of Operations, gave the Board and audience a brief history about Homolovi Ruins State Park and invited them to the reopening celebration on Friday, March 18, 2011. She said the new operational agreement with the Hopi Tribe would allow ASP to keep the park open seven days a week. The park would be staffed with a park manager, assistant manager, full-time ranger and some seasonal hours.

E. BOARD ACTION ITEMS

- 1. Consider Homolovi Ruins State Park Name Change –** Staff recommends the Arizona State Parks Board change the name of Homolovi Ruins State Park to Homolovi State Park. Further the Arizona State Parks Board directs staff to submit the name change to the Arizona State Board of Geographic and Historic Names for consideration, if approved, the Arizona State Parks Board directs staff to proceed with changing signage, marketing and other media to reflect the new name.

Mr. Ream said at the Board's January meeting, staff requested public comments on the name change using various sources including a press release, website and direct mail through ASP's partners. He said in total, including Mr. Knight's response, there are 23 responses. These suggested 13 different new names. He said Homolovi State Park received the most support and almost every suggestion dropped the word "Ruins" from the name. The Homolovi State Park name change is supported by the Chairman of the Hopi Tribe and the City of Winslow. He said staff recommends the Board change the name of Homolovi Ruins State Park to Homolovi State Park. Further the Arizona State Parks Board directs staff to submit the name change to the Arizona State Board of Geographic and Historic Names for consideration, if approved, the Arizona State Parks Board directs staff to proceed with changing signage, marketing and other media to reflect the new name.

Wally Armer: I move the Arizona State Parks Board change the name of Homolovi Ruins State Park to Homolovi State Park. Further the Arizona State Parks Board directs staff to submit the name change to the Arizona State Board of Geographic and Historic Names for consideration, if approved, the Arizona State Parks Board directs staff to proceed with changing signage, marketing and other media to reflect the new name. Mr. Woodling seconded the motion.

Mr. Armer said he thought it interesting that the responses received were overwhelmingly in favor of some change. He said since the public seemed to be in favor of it and the Hopi Tribe as well, since they are partners with ASP on this, he thought it only the right thing to do. The motion passed unanimously with Mr. Landry and Ms. Baier absent. The Arizona State Parks Action Report on this agenda item is attached to these minutes as Attachment A.

2. Legislative Update – The Arizona State Parks Board may vote to take a position or provide direction to staff concerning legislation affecting Arizona State Parks.

Ms. Bahl said Senate Bill (SB) 1332 is a statewide bill that would prohibit agencies from self-promoting and includes all use of the internet. She said this bill is ready for action in the Senate. Since that action has not been taken yet, the bill is likely dead.

Ms. Bahl said House Bill (HB) 2314 would transfer the Law Enforcement Boating Safety Fund (LEBSF) to the Game and Fish Commission and makes the fund non-appropriated. This bill moved from the House to the Senate and is moving forward. There are other solutions out there from the Game and Fish Department but this bill is not dead.

Ms. Bahl said HB 2239 is the bill that replaces one of the cattle industry appointees from the Parks Board with a Tourism professional. This bill is ready for action on the Senate floor. The whole Senate must formally adopt the committee amendment to make that change. The original bill replaces one of the member-at-large appointees with a Tourism professional. It seems there is support for this bill but with the budget discussions there is not much else being discussed.

Ms. Bahl said HB 2524 is the strike everything bill that would re-establish the Heritage Fund. It is now dead.

Ms. Bahl said HB 2227 is a statewide bill that would direct the Legislature to not sweep the Donations Fund from agencies. This is good news. It is ready for action on the Senate floor.

Chairman Westerhausen asked when this would go into effect. Ms. Bahl answered 90 days after sine die. This would probably be in the Fall. She said there is no proposal in the budget to sweep these funds from State Parks at this time.

Ms. Bahl said SB 1621 is the entire budget for all of the state agencies. She said this bill does a lot of things that are hurtful to ASP. In addition there is SB 1624 which is the Budget Reconciliation bill that is also hurtful to ASP.

Ms. Bahl said this bill is essentially what the Joint Legislative Budget Committee (JLBC) had recommended – not the Governor's budget. It takes approximately \$1.5 million of the State Lake Improvement Fund (SLIF) this fiscal year. It takes \$2 million of the Enhancement Fund and sweeps it for next fiscal year. It keeps ASP's appropriation level in the Enhancement Fund at \$7.8

million but \$10 million was expected and that is the authority level needed to keep the system going as it is. It also makes a number of small but significant sweeps from the Publications and Souvenir Revolving Fund, Reservations Surcharge Fund, which is making decent money now that the Kartchner Caverns reservations are online, and the Off-Highway Vehicle Fund.

Ms. Bahl said these sweeps are very devastating to ASP. They passed the BRB and have allowed ASP to use all of the appropriated Enhancement Fund for operations. The original statute said ASP could only use 50% for operations but in the last few years they have said ASP may use it all. It allows ASP to use the additional \$692,000 from the Off-Highway Vehicle Fund for operations. However, it also takes another \$250,000 out of the LEBSF and transfers it to the Yuma Sheriff. That hit would total \$750,000. It is \$500,000 to La Paz and Mohave Counties and \$250,000 to Yuma County.

Ms. Bahl said the bill also has a very specific direction to the Parks Board to issue and award a Request for Proposal (RFP) to operate at least two parks. More specifically, it requires the RFP to go to a JLBC hearing and have it approved and then award it by a certain date. It must include one park that this current year makes money or breaks even and one park that does not make money. She said there are a number of legal questions associated with this but the award is a tight timeframe.

Ms. Bahl said there were a number of comments made by legislators at the public hearing. Sen. Melvin said it was his idea to privatize those parks that do not make money. He called them the parks on the margin and not what ASP calls "the big nine," the ones that do make money. Sen. Gould suggested that the Parks Board took the LEBSF. He either doesn't seem to understand or want to acknowledge that was appropriation authority given by the Legislature and Governor. There were questions about ASP's cash flow. With the sweeps from SLIF and Enhancement Fund, in particular, ASP would have a hard time of meeting the first quarter payment which is rent, risk management and payroll. She said ASP has a serious problem with cash flow and revenues to keep all the parks open. This bill has passed the Senate and the rumor is that there is not concurrence in the House and the Governor still wants a number of things different than what they have proposed – not so much as State Parks but other things such as AHCCCS and K12 for example. She said there is no special session so there is time to continue to educate legislators and engage the Governor's Office.

Chairman Westerhausen commented that she, Ms. Bahl and Mr. Ziemann had met with several legislators. She found them to be cordial and productive. There was consensus that they would keep ASP at the same budget as last year and to go along with the Governor's proposal. She said they were very comfortable saying they would go along with the Governor's proposal.

Chairman Westerhausen what ASP could do to get back to that place. Ms. Bahl answered that ASP needs to continue its conversations with all branches of government. She noted that the Senate was not picking on ASP. They went almost fully with the JLBC recommendation.

Chairman Westerhausen asked if ASP should focus on the House and Governor's Office or should ASP still be including the Senators. Ms. Bahl answered that ASP should continue to speak with Senators because it would be extremely unlikely for the House to accept the Senate's proposals as is. It is likely to come back to the Senate so ASP should talk to everyone.

- 3. Consider FY 2011 Budget Adjustments** – Staff recommends the Arizona State Parks Board approve an amended FY 2011 Agency Operating Budget of \$19,063,300 as presented in the attachment on page 7a, including the explicit intent of expending all remaining Arizona State Parks Heritage Fund Interest monies by June 30, 2011.

Mr. Ennis said at the June 2010 Parks Board meeting, the Board approved an \$18.45 million operating budget. Now staff recommends the Board amend that budget to a little more than \$19 million. Staff is asking to expend all ASP Heritage Fund interest monies since \$160,000 must be disbursed by June 30, 2011. This is because ASP incurred some expenditures in anticipation of the local government revenue sharing arrangements for the Jerome and Homolovi openings and the extension of the agreement for Tonto Natural Bridge. Staff is also recommending an increase to the Publications Fund budget to increase inventories by \$100,000 and additionally \$30,000 with an increase to seasonal staff. The net result of this change is that revenues are going up by \$1.5 million and expenditures are going up by \$600,000 and the net result is an increase in net operating of about \$690,000. Despite other news, this increase represents positive good news.

Reese Woodling: I move that the Arizona State Parks Board approve an amended FY 2011 Agency Operating Budget of \$19,063,300 as presented in the attachment on page 7a, including the explicit intent of expending all remaining Arizona State Parks Heritage Fund Interest monies by June 30, 2011.

Mr. Scalzo seconded the motion. The motion passed unanimously with Mr. Landry and Ms. Baier absent. The Arizona State Parks Action Report on this agenda item is attached to these minutes as Attachment B.

- 4. Approve Minutes of February 23, 2011 Arizona State Parks Board Meeting**
Mr. Scalzo motioned to approve the minutes from February 23, 2011. Mr. Armer seconded the motion. The motion passed unanimously with Mr. Landry and Ms. Baier absent.

F. DIRECTOR'S SUMMARY OF CURRENT EVENTS – The Executive Director may update the Arizona State Parks Board on special events and accolades. A list of items to be discussed under this agenda item will be posted on the State Parks website (azstateparks.com) 24 hours in advance of the Parks Board meeting.

Ms. Bahl said the most important event is the reopening of Homolovi State Park that will happen on March 18, 2011.

Ms. Bahl said there was a Bluegrass on the Beach event on March 4-5, 2011 at Lake Havasu State Park with over 7,000 people in attendance over two days.

Ms. Bahl said the Game and Fish Department coordinated a volunteer crew at Alamo Lake with slightly over 100 people. They went around the edges of the lake and cleaned up all the trash on March 5, 2011. ASP thanks Game and Fish for their continued support.

Ms. Bahl said the Civil War in the Southwest event was held at Picacho Peak on March 12-13, 2011. It is always popular as over 3,000 people attended over the two days. Some members of the media attended including a Los Angeles Times reporter. The article will be in the Travel section. The Arizona Republic had a slide show on their website and ESPN will air the story in May.

Ms. Bahl said there are 1,600 State Parks and Site Steward volunteers. She said that is equivalent to 100 permanent positions. They donate about 200,000 hours. The Volunteer Venture will be held April 2, 2011 at Catalina State Park. This event both honors volunteers and trains them.

Ms. Bahl said the Hopi Economic Development Corporation and the Arizona Archaeological Society has sponsored two billboards for Homolovi State Park. American Outdoor provided the rent on these for free. The cost was paying for the printing to put them up.

Ms. Bahl said there are many upcoming events at the parks and hoped the Board might attend some. These are events open to the public as well.

G. DISCUSSION ITEMS

1. Revenue Forecast by Major Fund and Park Visitation Update

Mr. Ennis said there was a decline in attendance in February. He said year-to-date there is a 10% decline in attendance.

Mr. Ennis said the Enhancement Fund revenues are down 4.5% for parks that were never scheduled to close and for parks run by ASP through partnership support. He said despite the decline in attendance ASP is still approximately on target for Enhancement Fund revenues.

Mr. Ennis said the State Lake Improvement Fund (SLIF) is on target and on forecast.

Mr. Ennis said the Law Enforcement Boating Safety Fund (LEBSF) had a decline in the last calendar year but has for the past two months matched the revenues from last year. However there is still a decline in the forecast.

Mr. Ennis said the Off-Highway Vehicle (OHV) Recreation Fund is above forecast.

Chairman Westerhausen asked ASP is able to predict what might happen to the various funds if gas prices were to rise to \$4 per gallon. Mr. Ennis answered that he could put something together and he thought it would be a diversion from trend. Ms. Bahl noted ASP would not only see a decline in boating but also RVs which is the majority of ASP's campers.

Mr. Armer said it might be a good idea to do an advertising campaign or send a press release to say although gas prices are high you could vacation in state rather than out of state.

2. Commission on Privatization and Efficiency (COPE) Report Update

Ms. Bahl said the Commission has not released their report.

3. State Parks Operations Status Update

Mr. Ream reported to the Board on the current Operations status. The status is attached to the minutes as Attachment C.

Mr. Ream said it had been a year since ASP worked on the first agreement to operate parks with partners. That first agreement was with the Town of Camp Verde for Fort Verde State Historic Park. He said on March 16, 2011, the Town of Camp Verde voted to extend that contract for three months while a new agreement is written for FY 2012. He said there had also been optimistic talks with Yavapai County for Red Rock State Park.

Mr. Ream noted that a new agreement had already been signed for Tubac Presidio State Historic Park for another year.

Mr. Ream said staff is optimistic that an agreement would be reached with Apache County to open Lyman Lake State Park for the summer season. He said the Friends of Oracle State Park are using the down time as an opportunity to do much needed maintenance projects there. There are also discussions with the local rancher near San Rafael State Natural Area.

Mr. Scalzo said he thought Lyman Lake with the campgrounds and yurts there had an opportunity for private operations. Ms. Bahl reminded the Board that they directed staff to put a Request for Proposal (RFP) out for bid on Lyman Lake. She said since it is a Bureau of Land Management (BLM) lease, ASP must get permission from BLM. ASP submitted the letter in December and BLM has not made a final determination. She said there was hope for a private solution and since that had not happened are working on a public solution for the summer.

4. State Park Construction Project Update

Mr. Ream reported to the Board on the status of current construction projects at parks. He said the electrification of 105 campsites at Patagonia Lake State Park.

He said the project is at 11%. He said the Lake Havasu State Park slurry seal, crack seal and restriping has been completed. He said trenching for cable is being completed at Buckskin Mountain State Park. This is cable to run the new online reservation system.

Mr. Ream said the next set of projects are still in the bidding process or ready for delivery. He said vault toilets would be installed at Alamo State Park, Lost Dutchman State Park, River Island State Park, Tonto Natural Bridge State Park and Roper Lake State Park. He said restroom buildings would be installed at River Island State Park and Tonto Natural Bridge State Park. There are ramada projects being done at Catalina State Park, Lost Dutchman State Park, Red Rock State Park and Tonto Natural Bridge State Park.

Mr. Ream said there is one project for design only with Arizona Department of Transportation (ADOT). It is an agreement for the design of a parking lot and launch ramp at Lake Havasu State Park. There are now two launch ramps for boats and one for launch ramp for jet boats.

5. Proposed Contact Point Development, Lake Havasu State Park, Update

Mr. Ream said at the January 12, 2011 Board meeting, staff informed the Board a public meeting would be held about the Contact Point project. Staff also met with Lake Havasu City and with BLM. He said there were not many people at the public meeting held on March 3, 2011 but staff would continue to send out and receive public comments on this project for the next couple of months. There was an article in the *Today's News Herald* about the meeting. He said the key points for the briefing were vehicle access, visitor contact and retail facilities, park facilities including maintenance and utility infrastructure, boat launching and vehicle parking, multi-use areas for picnicking, swimming, shade and restrooms, a marina with parking lot and support facilities, and campgrounds.

Mr. Scalzo asked if there had been any discussion with Lake Havasu City or Mohave County about utilizing the industrial development of bonding to assist the private sector if they came on board to help develop this. Mr. Ream answered no. Mr. Scalzo said that is a possibility for the private sector to approach the IDA. He said he believed that Lake Havasu City and Mohave County both have an IDA. He said as more research is done he would like to get more information on the opportunity for that and whether they have the existing IDA's because it is a very interesting way to do low interest bonding that is then paid by revenues that come from the private sector.

6. Request for Information (RFI) for 3rd Party Management in Arizona State Parks Summary

Ms. Bahl said staff put out an RFI at your direction to solicit input from the private sector. It asked what functions and operations they would have interest in at Arizona State Parks. She said six responses were received. Their responses ranged from about 10 pages to over 330 pages. Staff then gave their initial overview and analysis.

Ms. Bahl said a team was put together of ASP staff and outside experts. Staff would talk about themes from respondents. She said Mr. Ennis would discuss the factual content without disclosing any confidential proprietary information and then she would give the internal analysis of how ASP's operations are different. She said then the Board and staff must determine a goal to move forward.

The powerpoint presentation of the report given by Ms. Bahl and Mr. Ennis is attached to these minutes as Attachment D.

Chairman Westerhausen asked if there was any suggested minimum length of a contract. Mr. Ennis answered affirmatively. He said it was generally said that five years would be the minimum contract length. He said five year would be the minimum, 10 years was the average length and for a significant investment the suggested preferred term would be 15-30 years.

Ms. Bahl noted that ASP has not had discussions with the concessionaires on the lists of additional issues for consideration. She said the RFI was intended to be general and, for the most part, received general responses. The next set of slides (Attachment D, Slides numbered 12-20) would identify things that would need to be addressed in the future. She said by identifying them it does not mean the private sector would not do them, it means ASP does not know yet.

Ms. Bahl said that moving forward since there is no interest in small parks or operating historic Parks, staff would not put out another Request for Proposal (RFP) for Oracle State Park.

Mr. Armer said he hoped the six companies that responded to the RFI know how much ASP appreciate them. He thanked those that came to this meeting.

Chairman Westerhausen said she didn't understand how the agency would take on the contract management aspect. She said she thought if the private sector handled the aspects of the parks then there would be more time for staff to work on preservation, education and those kind of things. Ms. Bahl answered that there are an infinite number of ways to structure. She said one idea is that the private sector would operate those things that have revenue potential. It could remove ASP from the parks. In that way, there would not be ASP staff at the park but ASP would manage the contract with the private entity that would be running the park. The parks are ASP's revenue source so ASP would then not have the revenue to run an environmental education program.

Mr. Scalzo said there should be an additional goal to net increases in revenues for parks. He said it did not make sense for the state to take facilities and turn them over to the private sector unless the net impact would be more positive than before.

Mr. Scalzo said BLM and other federal agencies should be more active partners with ASP. He said they seem to have different policies in different states. He said ASP may have to push a little harder on this even to the congressional level to get some clarification and assistance. This is where the private sector companies could help.

Mr. Scalzo commented that he was glad to see the Contact Point project moving forward. He said that is essential as a new model of what could be done. The private sector should be taking a good look at that. That could be a huge revenue producer.

Mr. Woodling asked Ms. Bahl to review the bill that would mandate the Parks Board to grant a concession to a moneymaking park and a park that does not make money. He said as a former businessman he said there are some things a private company would not be interested in. He said that would be taking over a park or any entity that is losing money. He said he is confused about what the legislature wants to come out of this. He said ASP would be giving up a lot of fees in the Enhancement Fund if some of these scenarios take place. He said in the last few years the legislature had swept those funds. He asked why the legislature would take the goose that laid the golden egg. He said he did not understand that logic from a business standpoint.

Ms. Bahl said the bill came as an amendment to the budget that was heard on March 16, 2011. She said the bill was sponsored by Sen. Andy Biggs. He is the chairman of the Senate Appropriations Committee.

Ms. Bahl had the bill with her and read it aloud. "The State Parks Board shall issue Request for Proposals for the private operation of some or all State Parks. The State Parks Board shall award a contract to a private entity that will manage at least one state park that operated at a net profit in FY 2010-2011. In addition, at least one state park that either had expenditures in excess of revenues in FY 2010-2011 or was closed for all or part of that fiscal year. Not later than October 1, 2011 and before any issuance, the Request for Proposal shall be submitted to the review to the Joint Legislative Budget Committee. The State Parks Board shall award a contract by February 12, 2012."

Mr. Woodling said the state is giving up this mass revenue. Chairman Westerhausen said in the form of the Enhancement Fund. Mr. Woodling said yes.

Mr. Armer said in the area of law enforcement, first aid and public safety, it appears the private sector has little or no interest in providing those services. He said this would then still be ASP's responsibility and expense.

Mr. Everett asked if Oracle could be bundled with Catalina and then be opened again. Ms. Bahl answered that Catalina is a Forest Service lease so ASP does not have the authority to turn it over to a third party.

Mr. Woodling said both Ms. Bahl and Mr. Ennis mentioned under the reduction in costs and increased revenue is employee benefits. He asked if staff could give more information about that. He said since the private sector stated in the RFI that their operating costs would be 30% less than government, then the private sector would not provide those kind of employee benefits to their employees. Ms. Bahl answered affirmatively. She said the public sector benefit cost runs generally 40-50% of an employee's salary.

Mr. Woodling said he had a problem with the quality of people that would apply for these jobs because of the lower benefits. He said he is aghast that there is a

political agenda in this state to do something that is because of a philosophy that is detrimental to the state not only for the people of the state but also for the revenue the state gets from this. He said it doesn't make sense to him and there is no connect. There is total disconnect. He said he has run a business for 40 years and he would not take on a project that would lose money. He said this means the Legislature would have less money coming into the state and hire less qualified people. They would not pay them as well. They would not give them the benefits that quality people at the parks deserve. That is the bottom line. He said he is totally opposed to this concept. He said this concept hurts the people that are working for a living, hurting the natural resources, hurting the parks system, hurting the people of Arizona to have a positive experience at some rare places. He doesn't agree with what the Legislature is mandating the Board to do. He said that is why he asked Ms. Bahl to read the bill. He said he is saddened by this and would like his comments kept in the minutes as public record.

7. Discuss Existing Models on Quasi-Public Bodies in Relationship to the Pros Report

Ms. Bahl said privatization could be defined as any process that shifts governmental functions and responsibility, in whole or part, to the private sector. She said there are two solutions or vehicles to move this along. One is contracts and the other are business model solutions.

Ms. Bahl said contracts are what ASP does right now. ASP has public/private partnerships. These are cooperative business relationships. These include partnerships such as the one with the Hopi Tribe and all of the concessions including boat rentals, stores, etc. ASP also contracts services such as trash services. These are things that the private sector does. There is also asset transfer for sale, lease or license. ASP has been doing these a lot lately with the current intergovernmental agreements (IGA). These are contracts ASP has given over to another entity to manage a park.

Ms. Bahl said business model is what the Board had asked more information about. She said there are at least two quasi entity organizational models to look at. One is a quasi-public organization. One example is Sallie Mae. This is a private organization that accepts a contract involving performance of public duties.

Ms. Bahl said a quasi-public entity is an entity that is limited in character to those powers that it has to discharge through legislation or some other law. Examples of this are the Commerce Authority and the Tourism and Sports Authority. There would be a specific delineation on what the entity is charged to do and what they have authority to do. The bullets (shown on Attachment E) are some ideas that could make a quasi-public body different from a state agency. She said she believed the most important to be the taxing authority, funding stream and the bonding authority. That seemed to be the goal.

Ms. Bahl said the next step would be to compare the Arizona State Parks Board existing structure (what ASP can and cannot do now) with quasi-public entities including, but not limited to the Commerce Authority and the Tourism and Sports Authority. The next step to further the discussion is to look at the bullets (Attachment E) and see what the Board would gain and see how the other entities have done that.

Mr. Scalzo said he met with Ms. Bahl and Mr. Landry and discussed this information. He said what Ms. Bahl has reported is exactly the format that would have to be followed if the Board decided to look at the situation thoroughly. He said she hit the high notes. There would have to be a stable funding source, a sustainable funding source, not just something the Legislature gives you for one year. It would also include the idea of whether to have taxing or bonding authority. He said those are critical. He said he thought this should be looked at to see if the model is better but it had to be looked at first.

Chairman Westerhausen said asked Ms. Bahl what the next steps are in privatization. Ms. Bahl said ASP would not put another RFP out for Oracle State Park. She said staff would look at cost analysis. She said, for instance, Slide Rock State Park should net about \$250,000 this year. Staff would look to see how much would be needed to do no less than break even. She said also look at statewide service contracts. She said staff would also take Mr. Scalzo's comments and be more aggressive with BLM because their answer changes everything.

Chairman Westerhausen asked if there was a timetable about getting more information from the respondents to the RFI. Ms. Bahl said there is not a timetable yet. She said staff would talk to the respondents on an individual basis. She said they would address the additional items that weren't specifically addressed in the RFI.

H. TIME AND PLACE OF NEXT MEETING AND CALL FOR FUTURE AGENDA ITEMS

- 1. Staff recommends that the next Arizona State Parks Board Meeting be on Wednesday, May 11, 2011.**

Chairman Westerhausen asked if there was a site chosen for the May Board Meeting. Ms. Bahl answered the May meeting would be held in the Parks offices in Phoenix. The June meeting would not be in the Phoenix area.

- 2. Board members may wish to discuss issues of interest to Arizona State Parks and request staff to place specific items on future Board meeting agendas.**

Mr. Scalzo asked if staff would put an agenda item to discuss the requests from OHVAG. Chairman Westerhausen concurred and said at least the confirmation of the new member.



I. ADJOURNMENT

Mr. Everett motioned to adjourn. Mr. Armer seconded the motion. The motion passed unanimously with Mr. Landry and Ms. Baier absent. The meeting adjourned at 3:59pm.

Pursuant to Title II of the Americans with Disabilities Act (ADA), Arizona State Parks does not discriminate on the basis of a disability regarding admission to public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the acting ADA Coordinator, Nicole Armstrong-Best, (602) 542-7152; or TTY (602) 542-4174. Requests should be made as early as possible to allow time to arrange the accommodation.

Tracey Westerhausen, Chairman

Renée E. Bahl, Executive Director

6/8/11 3:37 PM



Arizona State Parks Board Action Report
Agenda Item #: E-1
Attachment A

Title: Consider Homolovi Ruins State Park Name Change
Staff Lead: Jay Ream, Assistant Director
Date: March 17, 2011

Recommended Motion:

I move the Arizona State Parks Board change the name of Homolovi Ruins State Park to Homolovi State Park. Further the Arizona State Parks Board directs staff to submit the name change to the Arizona State Board of Geographic Names for consideration, if approved, the Arizona State Parks Board directs staff to proceed with changing signage, marketing and other media to reflect the new name.

Status to Date:

At the first quarterly partners meeting on November 12, 2010, the Hopi requested that Arizona State Parks (ASP) consider changing the name of Homolovi Ruins State Park. To the Hopi, the word "Ruin" in the park name refers to "something dead." They would prefer "Ruin" be replaced with another noun or remove it.

Staff requested public comments by issuing a statewide press release, posting the information on the Arizona State Parks website and by sending a letter to persons and groups affiliated with the Park.

Public Comment:

Arizona State Parks received 21 comments regarding the proposed name change. Dropping the word Ruin was common to every comment received. Following is a list of suggested name changes. Some respondents offered more than one suggestion.

Homolovi State Park - 9 respondents
Homolovi Village State Park - 2
Homol'ovi Heritage State Park - 2
Homol'ovi State Park
Homol'ovi Kiikiqo State Park
Homolovi Remains State Park
Homolovi Historical State Park
Homolovi Settlement State Park
Homolovi Relic State Park
Homolovi Hopi State Park
Hopi Homolovi State Park
Homolovi Ancestral Grounds State Park
Homolovi Ancient Walls State Park

Arizona State Parks Board Action Report
Agenda Item #: E-1
Attachment A

Time Frame:

Should the Parks Board approve the recommended motion, staff would proceed with the following.

- ASP would submit the new name with sufficient supporting information to the Board of Geographic Names for consideration.
- The Board of Geographic Names would follow their process outlined in Arizona Revised Statute § 42-835.04.
- If approved, staff would change signage, marketing and other media to reflect the new name.

Staff and Financial Resources:

The Park entrance sign is \$8,000. The web site would be changed immediately, marketing and other media would transition out as current supplies are depleted and reordered reflecting the new park name. Staff time is 10 hours.

Relation to Strategic Plan:

Partnerships: To build lasting public and private partnerships to promote local economies, good neighbors, recreation, conservation, tourism and establish sustainable funding for the agency.

Relevant Past Board Actions:

Agreement with Hopi and ASP, October 20, 2010

Board Members	Aye	Nay	Absent	Abstain	Comments
Tracey Westerhausen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Walter Armer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Reese Woodling	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Larry Landry	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Alan Everett	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
William Scalzo	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Maria Baier	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Approve <input checked="" type="checkbox"/>	Deny <input type="checkbox"/>	Amend <input type="checkbox"/>			

Amend as follows:

Board Questions/Comments:

Mr. Armer said he thought it interesting that the responses received were overwhelmingly in favor of some change. He said since the public seemed to be in favor of it and the Hopi Tribe as well, since they are partners with ASP on this, he thought it only the right thing to do.



Arizona State Parks Board Action Report
Agenda Item #: E-3
Attachment B

Title: Consider FY 2011 Budget Adjustments
Staff Lead: Kent Ennis, Assistant Director
Date: March 17, 2011

Recommended Motion:

I move the Arizona State Parks Board approve an amended FY 2011 Agency Operating Budget of \$19,088,300 as presented in the attachment on page 8a, including the explicit intent of expending all remaining Arizona State Parks Heritage Fund Interest monies by June 30, 2011.

Status to Date:

The Arizona State Parks Board adopted the FY 2011 agency budget on June 15, 2010. Since this action, the agency has entered into new financial agreements for park operations as well as has updated revenue forecasts in a variety of funds. Together, these changes raise currently projected revenues by \$1,556,400 and projected expenditures by \$671,600.

Partnerships Fund:

Staff recommends an increase of \$210,600 to the Partnerships Fund budget from the current \$617,700 to \$828,300 for expenditure of park operating funds from contributing governmental partners.

- New intergovernmental agreements (IGAs) in support of park operations were implemented after June 15, 2010.
- Open parks with new IGA partner funds include Red Rock (\$15,000 for seasonal staff from Benefactors) and Tonto Natural Bridge (\$5,000 from Star Valley, and \$10,000 from the Friends of Tonto Natural Bridge State Park.)
- New IGA partner funds also include \$1,500 per month for nine months of FY 2011 from Lake Havasu City for building maintenance at the Lake Havasu Water Safety Center.
- Closed parks that re-opened in FY 2011 with new IGA partner funding include Jerome (\$30,000 for park operations from Yavapai County) and Homolovi Ruins (\$14,625 per month for four months of FY 2011 from the Hopi Tribe).
- Funds were received from partners during June of FY 2010 that were advanced for use during FY 2011. The cash balance of these funds carried forward was \$78,600.
- Note: Contributions from non-governmental partners are deposited into the Donations Fund, rather than the Partnerships Fund.

Enhancement Fund:

Staff recommends an increase of \$193,900 to the Enhancement Fund expenditure budget from the current \$5,590,200 to \$5,784,100 for park operating expenditures.

- Jerome and Homolovi were originally budgeted to remain closed for all of FY 2011. Staff recommends an additional Enhancement Fund budget allocation for each park, in addition to the new IGA partner funding, due to increased Enhancement Fund revenues: Jerome \$60,500 and Homolovi \$35,000.

Arizona State Parks Board Action Report
Agenda Item #: E-3
Attachment B

- Staff also recommends an increase to the Enhancement Fund operating budget of \$98,400 to offset a portion of the estimated \$240K Law Enforcement Boating Safety Fund (LEBSF) revenue shortfall relative to the original FY 2011 forecast.

Heritage Fund Interest:

Staff recommends an increase of approximately \$140,000 to the Heritage Fund Interest operating budget, with the explicit intent to completely expend all cash in the fund by June 30, 2011. The additional Heritage Fund Interest budget will be used for one-time marketing and printing purposes.

Publications & Souvenirs Revolving Fund:

Staff recommends increasing the Publications and Souvenirs Revolving Fund (Pubs Fund) budget by a total of \$130,000. Additional resale merchandise purchases of up to \$100,000 would be funded to reflect the increased revenue estimate from \$250,000 to \$350,000 based on higher sales trends.

Seasonal staff, one in the field and one in the Phoenix office, would be funded with \$30,000 of this increase. Current Gift Shop Program staff is limited to one full-time permanent employee.

Reservation Surcharge Fund and Off-Highway Vehicle Recreation Fund:

Staff recommends adjustments to the Reservation Surcharge Fund of \$5,800 and the Off-Highway Vehicle Recreation Fund of \$16,400 to reflect sweeps to those funds that were enacted immediately prior to the release date of the Board Packet for the June 15, 2010 Board meeting.

Combined Budget Impact to FY 2011:

The combined revenue and expenditure changes recognized and requested in this Board Action result in a positive change to estimated FY 2011 agency ending balances of \$668,600.

Time Frame:

Passage of this FY 2011 Budget amendment will take place immediately.

Staff and Financial Resources:

No additional staff time is required. This amendment to the FY 2011 agency budget raises currently projected revenues by \$1,556,400 and projected expenditures by \$633,900.

Relevant Past Board Actions:

FY 2011 Budget Approved June 15, 2010

Attachment:

Arizona State Parks - FY 2011 Budget Adjustments – Pages 8a

Arizona State Parks Board Action Report
Agenda Item #: E-3
Attachment B

Board Members	Aye	Nay	Absent	Abstain	Comments
Tracey Westerhausen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Walter Armer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Reese Woodling	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Larry Landry	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Alan Everett	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
William Scalzo	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Maria Baier	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Approve <input checked="" type="checkbox"/>	Deny <input type="checkbox"/>	Amend <input type="checkbox"/>			

Amend as follows:

Board Questions/Comments:

There were no questions or comments from the Board.

Attachment C

Title: Operations Status Update Attachment
Date: March 17, 2011
Agenda Item #: G-3

A. Parks that were Never Scheduled to Close:

1. Buckskin Mountain State Park (SP)/River Island
2. Catalina SP
3. Cattail Cove SP
4. Dead Horse Ranch SP
5. Fool Hollow Lake Recreation Area
6. Kartchner Caverns SP
7. Lake Havasu SP
8. Patagonia Lake SP
9. Slide Rock SP

B. Parks Operated by Arizona State Parks staff through Partnership Support:

Park	Partner
1. Alamo Lake SP	La Paz County-\$30K
2. Fort Verde SHP	Town of Camp Verde -\$105K Agreement renewed April 1, 2011
3. Homolovi Ruins SP	Hopi Tribe contributing \$175,500 to re-open park. Reopening date March 1, with Grand Reopening on March 18, 2011.
4. Jerome SHP	Yavapai County-\$30K
5. Lost Dutchman SP	Friends of Lost Dutchman -\$24K
6. Picacho Peak SP	City of Eloy-\$20K
7. Red Rock SP	Yavapai County, Benefactors, City of Sedona-\$160K
8. Riordan Mansion SHP	Arizona Historical Society, Riordan Action Network-\$78K
9. Roper Lake SP	Graham County, AZ Game & Fish
10. Tonto Natural Bridge SP	Town of Payson-\$15K; Star Valley-\$5K; Friends of Tonto Natural Bridge-\$10K

Attachment C

Title: Operations Status Update Attachment
Date: March 17, 2011
Agenda Item #: G-3

C. Parks Operated by Partners with no State Parks staff:

Park	Partner
1. Boyce Thompson Arboretum SP	University of Arizona & Boyce Thompson Foundation
2. McFarland SHP	Town of Florence
3. Tombstone Courthouse SHP	City of Tombstone
4. Tubac Presidio SHP	Santa Cruz County & Tubac Historical Society Agreement renewed effective April 1, 2011
5. Yuma Territorial Prison SHP	City of Yuma
6. Yuma Quartermaster Depot SHP	City of Yuma

D. Parks that are Currently Closed to the Public:

1. Lyman Lake SP	Discussions with Apache County to renew the agreement for seasonal operation. Parks Board directed staff to draft an RFP for park operations. Letter submitted to BLM on December 22, 2010
2. Oracle SP	RFP for 3 rd party operations closed on October 6, 2010. No bids submitted. Re-evaluating options.
3. San Rafael State Natural Area (SNA)	Grazing special use permit implemented, no public access.

Attachment D

Discussion Item

G.6.

Request for Information for 3rd Party Management

Issued: December 20, 2010

Responses due: January 31, 2011

Six respondents:

- ARAMARK, Broomfield, Colorado
- California Land Management Services, Palo Alto, California
- Equity Lifestyle Properties, Chicago, Illinois
- Forever Resorts, L.L.C., Scottsdale, AZ
- Recreation Land Management, Flagstaff, AZ
- Recreation Resource Management, Phoenix, AZ

Discussion Item

Summary of Request for Information Responses

- Team assembled to review RFI responses
- Identify common themes

May not be unanimous

- Continuing responsibilities of ASP

Discussion Item

Request for Information for 3rd Party Management

What is the goal?

- Reduce net costs
- Keep parks open and operating
- Protect natural and cultural resources

Discussion Item

Services concessionaires are interested in and/or capable of providing:

Day-to-day park operations and maintenance

- Day-use facilities
- Campgrounds
- Rentals
- Concessions
- Special events
- Water / wastewater

Discussion Item

Services concessionaires are interested in and/or capable of providing:

Administrative functions including:

- Concessionaire Human Resources
- Some aspects of Information Technology and Marketing

Some suggested:

- Combining parks / services
- Minimum thresholds

Discussion Item

Services concessionaires are NOT interested in providing:

- Individual small parks
- Management of historic parks / facilities
- Some would not repair damage resulting from natural disasters or vandalism

Discussion Item

Services concessionaires are NOT interested in providing:

Third party contract or coordination with local jurisdiction

- Law Enforcement
- Emergency Services / First aid services
- Natural resource science, monitoring and maintenance
- Interpretive programs
- In some cases water / wastewater

Discussion Item

Cost and Revenue Sharing

- Revenue sharing *for existing contracts*:
 - Based on percentage of revenue
 - Varied between 5% and 23% for various services
- Some proposed specific parks they could operate
- Several estimated their operating costs would be 30% less than government

Discussion Item

Contract Length and Terms

Length tied to:

- Required initial / ongoing investment
- Condition and needs of facilities
- Viability of the operation

Longer contracts result in better terms:

- Revenue sharing
- Concession fees
- Increase in capital investment

Discussion Item

Capital And Deferred Maintenance

Contingent upon terms and length of contract to allow sufficient return on investment

- Capital maintenance
- Capital investments
- Major deferred maintenance

Discussion Item

Arizona State Parks Analysis

Comparison of current operations to RFI responses

- How would parks be run differently?
- Major functions / roles of ASP not addressed
- Additional issues for consideration

Discussion Item

How would parks be run differently?

Staffing:

- Reduction in labor costs
- Less *skilled* labor force
- No on-site
 - Law Enforcement
 - EMT / First aid certified personnel
 - Wildland fire-fighting certified personnel

Discussion Items

How would parks be run differently?

Services:

- Increased seasonal operations
- Interpretation contracted out or additional fee
- Little interest in small / historic parks
- No plan or interest in non-park programs (i.e. Statewide Planning, Trails, SHPO, etc)

Discussion Item

How would parks be run differently?

Financial Resources:

Private industry may have:

- Potential for economies of scale
- Increased marketing resources
- More up-front capital and flexibility
- Non-state capital reserve fund

Discussion Item

How would parks be run differently?

Agency-wide:

- More emphasis on contract management
- Less emphasis on:

Recreation staff, visitor services,
preservation, protection and planning for
cultural and natural resource management

Discussion Item

Functions / roles of ASP not addressed

Compliance:

- Deed restrictions and covenants (i.e. conservation easements, BLM patents, government leases, etc.)
- Governmental regulations (i.e. ADA, ADEQ)
- Stipulations from donors (i.e. Oracle, Riordan)
- Existing concession contracts
- Grant compliance

Discussion Item

Functions / roles of ASP not addressed

Natural and Cultural Resource Protection:

- Scientific monitoring & resource protection:
Cave, State Natural Areas, park resources
- Historic interpretation: Artifact curation,
inventory, and exhibits
- Governmental regulations (i.e. Section 106)

Discussion Item

Functions/roles of ASP not addressed

Critical Resources Maintained by ASP:

- Dam at Patagonia
- Park trails (i.e. cables at Picacho Peak)
- Water rights, waterways and irrigation ditches (Roper, Hickey Ditch, Rocking River ditch system)
- Volunteer Program management

Discussion Item

Functions / roles of ASP not addressed

Non-park Statutory Programs & Requirements:

- Land and Water Conservation Fund
- Grant programs
- Statewide Planning (i.e. SCORP, Boating/Watercraft Survey, etc.)
- State Historic Preservation Program
- Trails Program (i.e. Statewide Trails Plan)
- Off Highway Vehicle Program

Risk Management

Discussion Item

Additional issues for consideration

- Local community / public support
- Volunteers / Friends Groups / Site Steward Program
- Continuity of operations
- Contract termination risks
- Issues of indemnity and liability
- Deferred maintenance backlog
- System-wide Annual Pass Program / existing reservation system
- Junior Ranger Program
- Public process

Discussion Item

What is the goal?

- Reduce net costs
- Keep parks open and operating
- Protect natural and cultural resources

Given our goal(s) what are the next steps?

Discussion Item

Moving forward...

- Small / historic State Parks
- Engage the public
- Cost analysis
- Statewide service contracts
- Existing Land restrictions (i.e. BLM, USFS)
- Contact Point Project

Attachment E

Discussion Item

Functional Considerations for Quasi Public Bodies

- Board Appointment
- Authority to hire director / CEO
- Public employees (personnel)
- State Procurement
- Taxing Authority
- Funding Stream
- Bonding Authority
- Eminent Domain
- Naming Rights
- Insurance / Risk Management
- Legal Counsel